GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1725
ANSWERED ON:02.08.2001
FOREIGN DEBT WITH ONGC
SRIKANTA DATTA NARASIMHARAJA WADIYAR

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the total foreign debt with Oil and Natural gas Corporation (ONGC) as on date;

(b) the purpose for which ONGC has taken such loan and under what terms and conditions; and

(c) the steps taken by ONGC to refund the loan?

Answer

Minister of State in the Ministry of Petroleum & Natural Gas (Shri Santosh Kumar Gangwar)

(a) The total outstanding amount of foreign debt of Oil & Natural Gas Corporation Ltd. (ONGC) as on 31.3.2001 and 30.6.2001 has been about Rs.4037 crore and Rs. 3156 crore, respectively. These outstanding loans consist of multilateral loans from World Bank (IBRD) and Asian Development Bank (ADB), External Commercial Borrowings (ECB); and loans from a single bank or consortium of banks.

(b) The loans outstanding as on 31.3.2001 were taken for investment in Gas Flaring Reduction Project in western Offshore, which included components of L-II Development in Bombay High North, L-III (In-fill) Development in Bombay High South, ICP-Heera Trunkline, Second Bassein-Hazira Trunkpipeline and Expansion of Shore Terminal Facilities at Hazira.

In brief, the terms of the loans are :

(i) Interest Rates: The Multilateral Loans bear interest rate equivalent to the Cost of Qualified Borrowings (COQB) of these institutions plus a margin. The loan from World Bank is a multi-currency loan and is subject to currency pool adjustment. The ECBs carry either fixed or floating rate of interest.

(ii) Repayment: All the loans are payable in semi annual installments.

(iii) Prepayment: The Loans can be prepaid by giving a certain number of days (like 30 days etc.) notice to the lenders(s). In some loans prepayment charges are also applicable on such prepayment. Prepayment of all these loans are, however, subject to existing guidelines on the subject and require prior approval from the regulatory authorities, like Reserve Bank of India, Ministry of Finance etc.

(c): As a result of its sustained efforts, whenever permitted by the respective loan agreement terms and with the approval of the Government and RBI, ONGC has been able to prepay foreign loans aggregating Rs.1360.74 crore during the last three years.